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OTHER MATTERS

MATTERS ARISING FROM THE FORTY-FIFTH SESSION OF THE GENERAL ASSEMBLY

Recommendations of the Intergovernmental Expert Group to Study the Economic and Social Consequences of Illicit Traffic in Drugs

Note by the Secretariat

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INTRODUCTION

1. The Intergovernmental Expert Group to Study the Economic and Social Consequences of Illicit Traffic in Drugs met at Vienna from 21 to 25 May and from 9 to 20 July 1990. The Secretary-General had convened the meetings pursuant to General Assembly resolution 44/142, in which he had been requested to undertake a study on the economic and social consequences of illicit traffic in drugs. The full report of the Expert Group, in English, is with the Secretariat.

2. At its forty-fifth session, the General Assembly had before it a report of the Secretary-General (A/45/535) on action taken pursuant to General Assembly resolution 44/142, section II (b) of which dealt with the work of the Expert Group and set out the 18 recommendations it had adopted.

3. In its resolution 45/149, entitled "International action to combat drug abuse and illicit trafficking", the Assembly invited the Commission to study the various recommendations and conclusions of the Expert Group, in particular on the proposed framework for an in-depth study on the economic and social consequences of illicit traffic in drugs and psychotropic substances, and to report thereon to the General Assembly at its forty-sixth session through the Economic and Social Council.

I. RECOMMENDATIONS ADOPTED BY THE INTERGOVERNMENTAL EXPERT GROUP TO STUDY THE ECONOMIC AND SOCIAL CONSEQUENCES OF ILLICIT TRAFFIC IN DRUGS

4. In order to allow the Commission to fulfil its mandate under these resolutions, the 18 recommendations of the Expert Group, and the proposed framework for a future in-depth study on the economic and social consequences of illicit traffic in drugs, are reproduced below.

A. Recommendations adopted by the Expert Group following consideration of General Assembly resolution 44/142, subparagraph 9 (a)

"1. The Expert Group recommends that:

"(a) The Secretary-General should develop an annual estimate of the illicit drug situation on a world-wide basis that should include statistical data and other information on the extent of cultivation and the volume of production of illicit narcotic drugs and psychotropic substances covered by international drug control treaties, as well as on production prices, value added at different stages of trafficking and distribution, cash flow, money laundering, confiscation and drug-related organized criminal activities and the extent of and trends in drug abuse, in order to assist the United Nations in determining the social and economic impact of illicit drug trafficking and drug abuse in the various regions of the world;

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"(b) The Secretary-General should be asked to develop ways and means of collecting data and to develop the appropriate methodology to be used in processing the data as required on a world-wide basis, with the assistance of groups of experts from different regions, in the relevant fields, in order to overcome the current difficulties in obtaining reliable information on the subject;

"(c) The preparation of the annual estimate should take into account the relevant norms contained in international drug control treaties on the reporting and collating of information;

"(d) A unit should be established with the capability of organizing the gathering of data, processing the data and preparing the annual estimate;

"(e) The resources required for the above-mentioned activities should be obtained, inter alia, by the rationalization of existing United Nations activities in this field, as well as from the regular budget;

"(f) The Secretary-General, through the Division of Narcotic Drugs of the Secretariat and the United Nations Fund for Drug Abuse Control, should, in consultation and co-operation with other international bodies and Member States, conduct regular analytical studies on the social and economic effects of the production of, trafficking in and consumption of illicit drugs, in order to obtain better information for policy-making and the formulation of work programmes at various levels;

"(g) The following relevant issues should be among those included in the above-mentioned studies:

"(i) The tracing of financial flows and money laundering related to illicit drug trafficking by organized crime;

"(ii) The consequences of illicit drug production and trafficking for macrolevel management of the affected economies;

"(iii) The estimation, by country, of the number of households engaged in illicit crop production and of the share of household income generated by illicit crop production;

"(iv) The impact and effectiveness of the control of substances listed in tables I and II of the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances that are used in the manufacture of illicit drugs, indicated in article 12 of that Convention;

"(h) States with illicit crop production and illicit trafficking should exchange experiences of various policies designed to deal with those problems;

"(i) The United Nations should contribute to this exchange of experiences by providing funds for policy research studies and the exchange of experts.

"2. The Secretary-General should commission a study to determine:

"(a) The possibilities, effectiveness and limitations of economic policies and programmes employed against illicit crop production;

"(b) The extent to which crop-substitution programmes could be improved;

"3. The Secretary-General should undertake an analytical study to establish and quantify the link between illicit drug trafficking and external debt and the economic implications arising therefrom.

"4. The Secretary-General should be called upon to convene an expert group meeting to undertake a detailed study on the social consequences of drug abuse and illicit traffic in order to propose remedial action concerning: (a) the economic and social problems resulting therefrom; and (b) the involvement of persons and groups in the illicit production of, traffic in and consumption of narcotic drugs and psychotropic substances.

B. Recommendations adopted by the Expert Group following consideration of General Assembly resolution 44/142, subparagraph 9 (b)

"5. All States should implement such measures in order to counter money laundering.

"6. States should adopt:

"(a) Measures to establish as criminal offences drug-related money transfers and conversion, consistent with article 3, subparagraph 1 (b), of the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (E/CONF.82/15 and Corr.2), adopted on 19 December 1988;

"(b) Measures to make possible the identification, tracing, freezing and seizure of proceeds, property or instrumentalities derived from, used in or intended for use in illicit drug trafficking for the purpose of eventual confiscation, as set forth in article 5 of the Convention;

"(c) Measures to ensure that bank and corporate secrecy laws, established professional practices and privilege laws do not inhibit criminal investigations into money laundering.

"7. States should increase their efforts to implement the provisions of the Global Programme of Action (General Assembly resolution S-17/2, annex), paragraphs 62-73, concerning measures to be taken against the effects of money derived from, used in or intended for use in illicit drug trafficking, illegal financial flows and illegal use of the banking system.

"8. States should examine the recommendations contained in the study undertaken by the Financial Action Task Force on money laundering of 7 February 1990 and, where appropriate, implement those recommendations to the widest extent possible.

"9. States should inform the Division of Narcotic Drugs of the United Nations Secretariat of specific problems encountered in implementing measures to prevent the use of their banking systems and the international financial system in money laundering, with a view to, inter alia, sharing experience and knowledge, devising ways of overcoming such problems and considering the advisability of adopting uniform procedures to this effect.

"10. All States should take steps to prevent the use of financial institutions, including non-bank financial institutions, for the purpose of processing and laundering drug-related money.

"11. States should encourage banks and other entities providing financial services, institutions and professional groups (attorneys, accountants, stockbrokers, trustees etc.) to co-operate fully with supervisory or law enforcement authorities in order to combat the processing and laundering of drug-related money and to ensure that such authorities are able to receive and, if necessary, to act upon reports of suspicious transactions.

"12. States, through their competent supervisory authorities, should encourage financial and other institutions to develop and implement self-regulatory processes to prevent the abuse of the financial system.

"13. Banks and other entities providing financial services, institutions and professional groups:

"(a) Should make certain that they have knowledge of the identity of their customers and clients when entering into business relations or conducting major business transactions on their behalf. If there is any doubt whether customers or clients are acting on their own behalf, reasonable measures should be taken to identify the persons on whose behalf they are acting;

"(b) Should scrutinize any unusual transaction or instruction concerning financial transfers without apparent economic rationality or legitimate purpose;

"(c) Should be required to report any suspicious transaction to the competent supervisory law enforcement authorities. The disclosure in good faith of such transactions should not constitute a breach of any restriction to disclose information and should not entail penal or civil liability for the individual or institution concerned.

"14. The Expert Group recommends that:

"(a) States should take steps to strengthen international co-operation in combating money laundering by preventive action, law

enforcement activities and other measures such as the facilitation of mutual legal assistance and extradition procedures;

"(b) States should foster mechanisms for the rapid and direct exchange of information between competent authorities at the international level.

"15. The Secretary-General should be invited to convene an expert group comprising representatives drawn from the private and public sectors to define international minimal standards of professional conduct in financial and related professional activities to counter the processing and laundering of drug-related money.

"16. The Division of Narcotic Drugs should act in liaison with the International Criminal Police Organization and the Customs Co-operation Council for the purpose of developing a unit with expertise to assist Member States, at their request, in developing and preparing laws and enforcement programmes to deal with matters relating to:

"(a) Drug trafficking, money laundering and related criminal activities, including organized crime;

"(b) The development and implementation of mechanisms to prevent banking and other financial institutions or systems from being used for processing or laundering money derived from, used in or intended for use in illicit drug trafficking;

"(c) The corruption of law enforcement authorities, government officials and institutions;

"(d) Methodologies for the investigation of money laundering and the tracing of assets.

"17. Member States should give special consideration to contributing the value or a portion of the value of confiscated proceeds and assets to the United Nations for programmes related to the implementation of the United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (E/CONF.82/15 and Corr.2) and the development and maintenance of programmes related to illicit drug production, trafficking, processing and consumption and the laundering of drug-related money.

"18. The Expert Group recommends to the General Assembly that the necessary funding for recommendations 1-17 above should be made available at the earliest opportunity so that they may be implemented as soon as possible and have the greatest impact and effectiveness."

II. FRAMEWORK PROPOSED BY THE EXPERT GROUP FOR A FUTURE IN-DEPTH STUDY ON THE ECONOMIC AND SOCIAL CONSEQUENCES OF ILLICIT TRAFFIC IN DRUGS

5. The Intergovernmental Expert Group to Study the Economic and Social Consequences of Illicit Traffic in Drugs decided to present to the Secretary-General for his consideration a preliminary and provisional study dealing

with: (a) the illicit market and its main characteristics; (b) the production of illicit drugs; and (c) the consumption and distribution of illicit drugs. The object was to map out the scope and indicate the parameters of any full-scale study that might be undertaken in the future.

A. Integrated nature of the world-wide illicit drug market

1. Synopsis of the problem of drug abuse and illicit traffic

(a) The scale of drug abuse

6. There are millions of illicit drug abusers in the world. They form part of every socio-economic and age group, in both rural and urban areas. Their money fuels the illicit drug trade, keeping in business local farmers involved in illicit cultivation, producers of psychotropic substances and designer drugs, and distributors throughout the world. A virtually unlimited amount of money, generated by illicit drug sales, flows upwards to top-level criminals who control commercial institutions and attempt to influence Governments by various means, including extortion, assault and murder.

(b) Scale of illicit traffic, including the involvement of organized crime

7. Organized criminal groups derive their profits from a wide range of activities, which include kidnapping, robbery, theft and fraud. Today criminal ventures commonly involve consensual crimes. Crimes related to illicit drug trafficking produce massive profits, while there is no victim or legitimate legal owner to initiate legal action.

8. Society is victimized by every aspect of the illicit drug trade. The drug abuser, the undermined commercial system used by organized crime and the producer who has come to depend on profits derived from the illicit drug trade all suffer. In several countries affected by high levels of drug consumption, most of the income of organized crime comes from illicit drug trafficking and related activities.

(c) The scope of the study regarding the illicit market

9. To determine the nature and scope of economic transactions related to illicit drug trafficking, it is essential to examine the entire process. Each phase, including illicit cultivation, production, refinement, transportation and trafficking, has unique characteristics and specific economic consequences. Any study of the financial impact must also take into account the standard of living of each country or region and its proximity to consumer markets. Obviously, a tonne of cocaine does not command the same value in a producer country as it does in the city streets of a consumer country.

2. Problems with regard to the collection, collation and analysis of data

10. A detailed analysis of the illicit market calls for a cautious and pragmatic approach, as there are no reliable statistical data and other information available on illicit drug traffic and drug abuse on which any conclusion could be empirically based. The Expert Group observed that the information collected, including information on illicit production, distribution and consumption, revealed general trends and generalizations regarding

the functioning of the illicit drug market. The overview presented below is a preliminary step, indicating some of the main characteristics of the illicit market.

3. Estimated total world production and values by drug type

11. The figures quoted and referred to below are to be viewed with caution; their accuracy and reliability could not be verified. The intent of the Expert Group was to illustrate the characteristics and functioning of the illicit market, on the basis of price estimates.

(a) Opium and heroin

(i) Extent of opium poppy cultivation and of opiate production

12. In order to avoid detection and eradication, illicit poppy cultivation tends to take place in remote areas where there is minimal government control and the intervention capabilities of government authorities are limited. As Governments are not in complete control of most areas where the poppy is illicitly cultivated and heroin is illicitly produced, the information available on such cultivation or production is often inaccurate or incomplete. Thus, having to base projections of illicit supply on such data remains a major problem for the analysis of the market. Furthermore, the wide range in the purity level of heroin available on the illicit market can significantly affect price and quantity estimates.

(ii) Price escalation following processing and value added

13. In one known production region, a farmer may be paid up to $US 1,360 to grow and harvest 10 kilograms of opium. The raw opium product is then refined in a laboratory to produce 1 kg of pure No. 4 heroin, worth up to $US 4,500. The price rises to $US 6,800 at the distribution centre, although the heroin is unaltered. Upon arrival in the consumer country, the same kilogram of heroin, still unaltered, may be worth up to $US 100,000. Each ounce (28 grams) fetches up to $US 15,000 and a single gram fetches $US 1,000. By the time the drug reaches the street, each unit of No. 4 heroin has been "cut" to a mere 5 or 6 per cent purity and is priced at $US 35.

14. More than $US 62 million is paid to the native farmers for the 2.7 million kg of opium produced annually in the region. The manufacturers receive between $US 1 billion and $US 1.2 billion for the more than 278,000 kg of heroin produced. Each year, the heroin exported from the region fetches up to $US 1.9 billion in profits for organized crime.

15. In another region, well known for its illicit opium production, a farmer is paid up to $US 850 to produce 10 kg of opium, which is chemically converted to 1 kg of heroin worth up to $US 4,700. At a European distribution centre, the value soars to $US 90,000 per kg. The bulk value of the heroin at this stage of distribution is estimated to be between $US 277 million and $US 389 million annually.

16. Heroin available from other regions of the world where opium is produced illicitly may yield as much as $US 1.9 billion. The total estimated income from heroin sales world-wide is believed to exceed $US 151 billion.

(c) Cocaine

(i) Extent of coca bush cultivation and cocaine production

17. In Latin America, coca leaf production is part of the Andean cultural tradition. According to statistics, the extent of illicit cultivation for the illicit manufacture of and illicit traffic in cocaine has increased exponentially since 1965, in response to increased demand and the rise in prices, creating grave problems for States in the Andean region.

18. The coca bush is easy to cultivate. It is grown in countries in and near the Andean region, often where the topographical conditions are difficult. It provides a supplementary source of livelihood for the rural population. Andean peasants in search of better economic conditions have migrated to such areas to engage in illicit cultivation of the coca bush, which brings greater economic gains than traditional crops.

19. Information on cocaine production and distribution appears to be more reliable than that on cannabis and opiates. Coca production, distribution and marketing are easier to quantify, as there are fewer potential source countries, a shorter distance from source to market and a distribution network that is generally controlled by well-established organized criminal groups. The cocaine cartels control all aspects of production and distribution. As with heroin, however, it is difficult to determine the extent of the production of the raw material that is subsequently processed into cocaine for the illicit market. As the extent of illicit consumption is not known, it is difficult to determine the total profits derived from illicit cocaine traffic.

(ii) Price escalation following processing and value added

20. A native Indian may be paid up to $US 500 for 500 kg of coca leaves, which are then refined in a laboratory to produce 2.5 kg of coca paste worth $US 800. The paste is further refined to produce 1 kg of cocaine base, valued at up to $US 1,200, which is chemically processed to produce 1 kg of pure cocaine hydrochloride worth $US 4,250. Upon arrival in the consumer country, the wholesale price soars to $US 50,000 for a kilogram of pure cocaine. At the retail level, each ounce is cut to 50 per cent purity worth up to $US 3,000. Retail price for a gram of half-cut cocaine hydrochloride ranges from $US 100 to $US 200. Depending on the conversion figures used, the cocaine produced in clandestine laboratories is estimated to increase in value to as much as $US 2.5 billion. As few cartels are in control of production and distribution, the price does not inflate in the same manner as it does for heroin. Producers of coca leaf receive between $US 118 million and $US 198 million each year.

21. Cocaine sales world-wide are estimated to be as high as $US 56 billion annually. If figures from consumption surveys are used, which exclude producer and transit country consumption, cocaine sales amount to an estimated $US 38 billion annually.

(c) Cannabis (herbal cannabis and cannabis resin)

(i) Cultivation and production

22. Herbal cannabis and cannabis resin remain by far the most popular illicit drugs. The most important cannabis-producing areas remain the Caribbean, the

Middle East, the Near East, North America, South America and South-West Asia. The price does not fluctuate nearly as dramatically between producer and supplier as it does for other harvested crops, but the suppliers can move bulk shipments with massive transportation systems, such as offshore mother ships, jet airliners and fleets of trucks, which they own and operate.

23. As cannabis grows wild in many of the producing areas, it is difficult to estimate total crops; however, the maximum production estimates for 1988 were 26,000 tonnes for herbal cannabis and 1,500 tonnes for cannabis resin.

(ii) Price estimates

24. The total estimate for the street value of cannabis in consumer countries is higher than for cocaine and heroin combined. The alarmingly rapid growth in the size, power and money-laundering capability of some distributors raises the spectre of new cartels emerging to control illicit traffic in cannabis.

25. It is particularly difficult to quantify illicit cannabis production. While it is possible to identify the major source countries, it is difficult to determine the source of the cannabis being marketed at the street level, as cannabis plants can grow in almost every country, either naturally, in greenhouses or using hydroponic techniques. This, in turn, makes it extremely difficult to study and analyse the illicit drug trafficking chain from production to distribution; it is also particularly difficult to ascertain the prices charged at the different stages of the chain.

(d) Psychotropic substances

26. Psychotropic substances or chemical drugs are most often produced in the laboratories of developed countries. Illicit production and control are primarily the function of organized criminal groups who operate clandestine laboratories and distribution networks. It is difficult to calculate the magnitude of the illicit market for psychotropic substances; the consumption of amphetamines and methamphetamines alone is estimated at several billions of dollars annually. In addition to the value of illicit manufacture, the illicit drugs diverted annually from the licit drug market are estimated to be worth billions of dollars. Thus, the diversion of psychotropic substances from the licit market constitutes an important source for the illicit drug market.

(e) Designer drugs

27. The growing popularity of designer drugs is particularly alarming, as a single laboratory can produce sufficient quantities to meet the market demand in full. With so great a potential to glut the market, it is logical to expect that this new phenomenon will become more pervasive should traditional supply systems of more popular drugs of abuse be disrupted.

4. Money laundering

28. To succeed ultimately in using the immense wealth and the power accumulated from their illicit activities, drug trafficking syndicates must consolidate their unlawful proceeds and launder their profits. Estimates of the total value of international drug-money flows should, however, be viewed with as much caution as estimates for illicit drug flows. Measuring cash flows from international banking statistics and capital account statistics for balance of

payments produces a direct estimate of $US 300 billion for 1987. That frightening total is also suspect. Indirect estimates refer to potential production. Net production has to take into account the results of crop-eradication programmes, and net international supply requires that operational losses, domestic consumption and seizures be discounted. Equations based on interdictions that are used to estimate the value of production or sales of illicit drugs provide equally suspect figures, further complicated by estimation of the unknown value of drugs consumed by producers and of losses in the production and distribution phases of the illicit trafficking chain.

5. Guidelines for future work on the functioning of the illicit market

29. The following conclusions could serve as guidelines for future work on the functioning of the illicit market:

(a) No reliable data are available on the cultivation, production, distribution and consumption of illicit drugs or on the laundering of drug money on a world-wide basis. For that reason, it is difficult to analyse the magnitude and characteristics of the world-wide illicit drug markets and to determine the precise influence of illicit drug trafficking transactions on the national economy of different countries;

(b) Notwithstanding the above, the following general trends of the world-wide illicit drug markets can be ascertained through indirect means:

(i) The bulk of the proceeds are realized and profits are distributed at the trafficking and distribution levels. Those directly involved in the illicit cultivation of opium, coca leaves and cannabis do not receive more than 2-4 per cent of the total proceeds;

(ii) At the processing, trafficking and local distribution levels, the market is controlled by organized crime. While the total profit is not realized at these levels, the profits are distributed among fewer people and the financial gains are greater.

B. Economic and social effects in producer countries

1. Observations and comments

30. The money generated by the coca and poppy "economies" has undermined the traditional social values of the rural communities; illicit activities associated with or resulting from these "economies" are an obstacle to the normal development of democratic institutions. The profitability of the illicit cultivation of the opium poppy and the coca bush remains the major impediment to any reduction in the cultivation.

31. These and subsequent considerations do not apply to cannabis, as the data on it are insufficient and the Expert Group did not have the requisite expertise to deal with the implications of the illicit cultivation of and traffic in the drug.

32. The cultivation of the coca bush and the opium poppy provides a source of employment and income that creates some degree of economic and social stability

for thousands of peasants living in conditions that offer limited alternative employment and income opportunities. If the peasants who are currently growing coca were to suddenly find themselves without this source of income and if an alternative means of earning their living were not provided, there is a risk that they could become involved in criminal or subversive activities.

2. Effects in producer countries

33. The economic gains from illicit cultivation of the coca bush and illicit traffic in cocaine have contributed to rural migration and the depopulation of traditional agricultural areas in the Andean region. Similarly, in several countries of South-East Asia, illicit poppy cultivation and illicit traffic are leading to a concentration of the rural population in areas where alternative economic opportunities are limited.

34. Wherever the proceeds from illicit drug traffic are large in relation to the size of the economy, the macro-level management of the economy becomes more difficult. Increased inflation may be one of the more serious results. The artificial liquidity flows of the economy, resulting from illicit production, processing and trafficking, stimulate an informal economy that, in turn, stimulates the illicit traffic and tax evasion. These, in turn, have an adverse effect on the economic development of the States involved.

35. In most areas suffering from illicit poppy cultivation, public facilities, such as health and education services and other infrastructure, are poorly developed. The development of regular government services and the execution of development projects encounter major difficulties. To prevent farmers from turning to illicit drug trafficking syndicates for protection, law enforcement measures to reduce illicit production should be accompanied by technical assistance.

36. A considerable portion of the profits earned from illicit cultivation of the opium poppy and the coca bush is used to finance arms smuggling and to bribe officials. Today there is a high rate of criminality in societies where government officials had never before been threatened or assassinated.

37. Illicit cultivation of the opium poppy and the coca bush has a serious effect on the ecology, which contributes significantly to the indirect costs of illicit traffic.

3. Conclusions

38. The Expert Group considered economic aspects to be an important and essential element in the formulation of any strategy to be adopted by the international community for the eradication of illicit crops.

39. The important role of international co-operation in terms of financial resources and support for the work involved in controlling the production and consumption of and traffic in illicit drugs should also be taken into account in formulating such a strategy.

40. International co-operation requires a long-term effort by States to lend political and economic support to the international organizations engaged in applying an effective strategy, which must involve parallel action by Governments, specialized technical agencies and beneficiaries pledged to pursue

actively the objectives of comprehensive plans for the eradication of illicit crops.

41. In addition to the support provided by States under bilateral arrangements, the financing for social projects to provide the complementary infrastructure needed to launch crop substitution programmes might be obtained through specialized organizations that received donations from consumer countries.

42. Illicit crops must be replaced by other commercially profitable crops. In order to be successful, such crop replacement programmes should be integrated into agro-industrial projects, which, in addition to generating new sources of employment, would make the gradual replacement of illicit crops a commercially profitable venture. Such cash crops should be cultivated for the export market.

43. It must be emphasized that, if cash crop production is to be successful in the long run, it is essential to ensure that there is a market for the crops.

C. Illicit demand and consumption

44. In order to understand the magnitude and scope of illicit consumption and demand, information should be provided on the following:

(a) The identification of factors that influence or have a causal connection with drug abuse and the demand for illicit drugs;

(b) The characteristics of the drug abuser;

(c) The extent of the problem, paying special attention to the types of drug abused and the volume of illicit consumption, in terms of both quantity and monetary value.

1. Magnitude and scope of the problem

(a) Factors influencing consumption

(i) Observations and comments

45. Although consumption primarily concerns developed countries, it affects almost all countries to some degree. Extremes in per capita annual income (highs or lows) can influence consumption, particularly the type of drug consumed.

46. The Expert Group noted the tendency for the bulk of illicit consumption to occur in urban areas and suggested that a study of the per capita consumption of drugs in rural versus urban areas could be undertaken to shed more light on that issue.

47. One general trend is the gravitation of illicit drug supplies, increased illicit consumption and demand in countries with hard currency or where hard currency is accepted as the normal medium of monetary exchange.

48. The Expert Group identified several social factors that had caused or contributed to drug abuse. They included the breakdown of traditional social support systems, such as the family, the school, the church and the community; limited controls on leisure-time activities, particularly for juveniles; peer group pressure; and the glamorization of drug use and abuse (the use and abuse of drugs by role models such as athletes, entertainers and other prominent public figures), which resulted in their being regarded as acceptable behaviour. Other factors identified as leading to illicit consumption included the availability of drugs of abuse as a by-product of illicit cultivation or production or their availability in transit.

49. The Expert Group considered that further inquiry into the multiple possible causes of drug abuse was necessary, with a view to taking action to eliminate the causes of abuse, or at least the most serious of them.

(b) Characteristics of consumers

50. Drug abuse affects all segments of society, irrespective of economic condition, educational level, employment status, age, race or gender.

51. The Expert Group recognized the need for more reliable epidemiological information and emphasized that studies and research needed to be undertaken to provide further information on persons and groups involved in the illicit production of, traffic in and consumption of narcotic drugs and psychotropic substances. The focus should be on drug abusers or groups of abusers or persons at risk.

(c) Extent of drug abuse (illicit consumption)

52. The magnitude of drug misuse and abuse can be ascertained if adequate statistical data and other information to assess the quantity of illicit drugs consumed and the monetary value of illicit consumption are available. In this regard the Expert Group took note of the International Drug Abuse Assessment System (IDAAS), which would fill in any gaps in the information on illicit consumption. (The estimated values of opiates, cocaine, cannabis, psychotropic substances and designer drugs have been referred to in paragraphs 12-28 above.)

53. According to seizure data compiled by the Division of Narcotic Drugs since 1975, while there have been shifts in the patterns of global consumption, total consumption of major drugs of abuse continues to increase. The Expert Group recognized the urgent need for more reliable information on the extent of consumption by drug type and consumer, as well as estimates of prices paid at the street level on which to base calculations and projections of future trends. Efforts should be undertaken at the national and international levels to fill in the gaps, particularly with regard to cannabis, cocaine and opiates.

3. Economic costs and social and political ramifications

(a) Effects of drug abuse on the work-place and productivity

54. The adverse effects of drug abuse on the work-place and on occupational activities include declining productivity and lower standards of performance by the labour force, characterized by reduced output, defective products, loss of qualified employees, accidents, absenteeism, loss of income and professional disqualification, all of which are costly to the individual, the employer and

the community. Unless comprehensive measures are taken to stem the growth in drug abuse, all States are likely to suffer from its costly and harmful effects on the social fabric of their societies.

(b) Law enforcement costs associated with combating illicit demand and consumption

55. Direct and indirect costs are incurred by law enforcement agencies in prevention programmes and countermeasures to disrupt major trafficking networks.

56. Illicit drug trafficking is sophisticated and complex and in many cases involves other antisocial activities, such as organized crime, conspiracy, bribery, corruption and intimidation of public officials, tax evasion, banking law violations, illegal money transfers, criminal violations of import or export regulations, crimes involving firearms and crimes of violence. Because of the far-reaching consequences of the illicit drug trade, even the integrity and stability of certain Governments have been threatened.

57. The increased costs of maintaining and equipping police, customs and other law enforcement authorities, including the cost of bringing in the military, are direct consequences of drug abuse and misuse and illicit demand, which are at the base of illicit drug trafficking and related criminal activities. The costs of judges, prosecutors, defence attorneys, courts, staff and support services also have to be taken into account, as well as the costs of imposing criminal sanctions, including incarceration.

58. In addition to the direct costs mentioned above, the Expert Group noted that there were also costs associated with establishing and maintaining an environment of interdiction and enforcement. It expressed the view that the direct and indirect costs to the community of law enforcement programmes had to be computed with the economic and social costs of illicit traffic and drug abuse.

(c) Investment in health, prevention, treatment and rehabilitation services

59. The provision of prevention, treatment and rehabilitation services to keep people out of the cycle of drug misuse and abuse constitutes a major expense for society. At the forefront of programmes to curb illicit demand for drugs is the cost of prevention.

60. The reporting and monitoring of drug abuse, treatment for drug addiction, rehabilitation and social reintegration generate enormous costs to society. Substantial investments are necessary for research and for the development of effective treatment programmes. Finally, drug abusers' vitality and longevity are affected by the high incidence of diseases and the number of infections transmitted through drug-using habits. Acquired immunodeficiency syndrome (AIDS) is one of the most serious health hazards to drug abusers who share hypodermic syringes and, as a result, drug abusers constitute one of the highest risk groups for AIDS.

61. The Expert Group noted that empirical data on the direct and indirect costs of drug misuse, abuse and addiction were scarce, so that it was difficult to make an assessment of the costs involved. It stressed the importance of acquiring further information, for example, by systematically collecting data

on subpopulations of drug abusers from different sources, as a necessary step towards dealing with illicit demand.

(d) Adverse impact on social and political structures

62. Regular abuse inevitably results in the disruption of the drug abuser's traditional relationships and support systems, such as the family, employment, friends and the community. The productivity, reliability and earning power of the drug abuser is known to diminish drastically. Unable or unwilling to earn money by conventional means, drug abusers often turn to other forms of crime (robbery, theft etc.) to support their habit. The economic and social consequences of illicit traffic and drug abuse are borne by the individuals themselves, the communities in which they live and their Governments.

63. The Expert Group recommended the following courses of action for further consideration:

(a) The development of an appropriate methodology for assessing drug abuse, perhaps at the national level (similar to the Bolivian country report), by a representative group of countries with a view to establishing a reliable regional and international data base on drug abuse and its consequences;

(b) The provision of resources to regional non-governmental organization and groups (for example, the Red Cross and Red Crescent) to undertake epidemiological surveys and studies of drug abuse, particularly regarding treatment and rehabilitation.